

2008

## Economic Developments in Tajikistan

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### Recommended Citation

Hauptert, Tyler (2008) "Economic Developments in Tajikistan," *Global Tides*: Vol. 2, Article 2.  
Available at: <https://digitalcommons.pepperdine.edu/globaltides/vol2/iss1/2>

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Economic Developments in Tajikistan by Tyler Hauptert

**Abstract:**

Poor nations often leave countless young males without an education, a stable family, or a strong government to follow. These conditions make the choice to join a group of religious radicals appealing. Tajikistan, a country of over seven million located just north of Afghanistan in Central Asia, is surrounded by war torn, politically unstable neighbors and fits the profile of a hotbed for religious radicalism. While the country has avoided a large-scale international war, political instability and economic deficiencies have left Tajikistan primed for future conflict. The situation presents an intriguing study for those concerned with humanitarian issues and those involved in security matters alike. This in-depth inspection of the state's complex economy reveals areas of great concern along with reasons for optimism.

**Economic Developments in Tajikistan**

Tajikistan is a nation in which a civil war and blatant government corruption have gone largely unnoticed by Western eyes. However, the country is located in the center of a region of great martial and economic importance to the United States and Western Europe. Its neighbor to the west, Uzbekistan, recently forced a U.S. military base off its territory. Iraq, a small distance southwest of Tajikistan is currently rebuilding its government while attempting to avoid civil war. Additionally, Afghanistan, directly to the south, remains occupied by U.S. troops. Tajikistan itself has the potential to become a focus of international attention for reasons other than its troubled neighbors. Poor Islamic

nations frequently leave countless young males without an education, a stable family, or a strong government to follow. These conditions make the choice to join a band of religious radicals appealing; such groups provide social networks, access to food and shelter, and a sense of purpose. In this context an understanding of Tajikistan's economy becomes significant to any organization or individual concerned with violence and terrorism across the globe. The country's combination of governmental corruption, a largely uneducated youth, and severe poverty creates a volatile atmosphere that merits attention from both humanitarian and international security entities.

Since the Central Asian states gained their independence in 1991, much ink has been spilled regarding their economic development as both independent nations and as a collective region. While Kazakhstan and Turkmenistan possess significant oil resources, Uzbekistan boasts a sizeable industrial infrastructure, and Kyrgyzstan has implemented aggressive economic reform since the breakup of the Soviet Union, little progress has taken place in Tajikistan. In a region that would have been content to preserve the adjusted Soviet Union suggested by Gorbachev rather than be forced into independence, Tajikistan has experienced the most difficulty sustaining stable nationhood.<sup>1</sup> However, despite being plagued by corruption, insufficient infrastructure, unfriendly neighbors and a crippling drug trade, the nation's economy is not beyond repair. This essay will provide a brief background of Tajikistan's current government and an assessment of the bloody civil war that, among other things, played a large part in placing the nation in its current state of poverty. Subsequently, a discussion of more specific issues affecting contemporary Tajikistani economy will be undertaken culminating in remarks on the country's fiscal outlook as well as some suggestions for future action.

### **Civil War, Rahmonov, and Poverty**

Like the regimes in Turkmenistan and Uzbekistan, the Tajikistani government has been criticized for its lack of transparency. However, in contrast to its neighbors to the west, Tajikistan did not initially fall from Moscow's hands into those of a powerful leader. Within a year of declaring its independence Tajikistan plunged into a devastating civil war that not only killed between 60,000 to 100,000 people, but was responsible for the destruction of much of the nation's economic infrastructure.<sup>2</sup> The war lasted from 1992 to 1997, and output dropped drastically during that time period. Due to a combination of deterioration, war-related destruction, and outright theft, "manufacturing output in 1997 was only 27% and agricultural output 50% of the 1990 level".<sup>3</sup> During the span of 1991-1996, Tajikistan's gross domestic product (GDP) declined at an average rate of 17% annually, before reporting modest growth between 1996 and 1999.<sup>4</sup> Additionally, many government officials previously responsible for the oversight of the nation's economy were killed or expelled during the war, leaving command to the inexperienced. Thus, Tajikistan was left with a damaged infrastructure which disabled its once thriving agricultural industry, and a largely inexperienced administration.

As the war finally came to an end in 1997, a new president obtained complete control over Tajikistan. Emomali Rahmonov, a supposed democrat, brought corruption and further instability to the Tajikistanis, but, if nothing else, gave the nation a center of authority to follow. Rahmonov took little discretion when appointing individuals to numerous government positions. Rather than seeking qualified persons, the president

appointed those who had supported him during the war while marginalizing those who had not. A prime example of Rahmonov's irresponsible appointments can be found in Ghaffor Mirzoyev, who was given the position of head of the Tajik Drug Control Agency in 2004. Less than a year later Mirzoyev was arrested for charges including illegal possession of weapons, tax evasion, and murder.<sup>5</sup> The Tajikistani government not only has trouble controlling its citizens, as drug trafficking and tax evasion are major problems, but the recklessness of its administrative appointments results in lawlessness in positions where political stability is sorely needed.

While the economic performance of Tajikistan has been poor, the rate of poverty among citizens is equally, if not more alarming. Although accurate statistics are difficult to gather, nearly 65% of the population is believed to live in poverty.<sup>6</sup> While this is a marked improvement since 1999, when poverty was estimated at over 80%, the spread of reduction has been uneven, with the population in the Ferghana Valley experiencing a much slower decline.<sup>7</sup> To put these numbers into perspective, per capita income in Tajikistan is currently less than \$1 per day, and is anticipated to grow to only \$375 per year by 2015.<sup>8</sup> Thus, Tajikistanis are not expected to climb out of the ranks of the poorest nations in the world anytime soon.

## **Issues**

The overwhelming rate of poverty in Tajikistan is the result of more multifaceted troubles than an irresponsible president and a civil war. The war did, however, put the nation almost a decade behind in trying to cope with the added responsibilities of independence. Today the economy in Tajikistan is characterized by problems in the

domestic market, a weak infrastructure, and complex foreign relations. Some of these issues, however, present hope and the possibility for improvement in the lives of Tajikistan's populace.

*Trade: Internal and External*

The demand for internal commerce in Tajikistan is increasing. Unfortunately, the government has been largely unable to tax this trade. This is in part due to the great increase in informal services, which are very challenging to record, much less tax.<sup>9</sup> Difficulty collecting taxes is further perpetuated by the incidence of tax evasion. Imports are to be taxed between 5% and 7.7%, according to the Eurasian Economic Community. However, under-invoicing—an evasive method in which importers report only a portion of the goods they receive—likely costs the Tajikistani government between \$250 million and \$300 million each year in revenue.<sup>10</sup> Dushanbe simply lacks the resources to strictly enforce its tax policy and it pays dearly for this insufficiency. The sum of revenue lost from tax evasion is significant as it amounts to over 20% of Tajikistan's yearly GDP of roughly \$1.3 billion. The nation must find a way to better handle its own trade before it can sufficiently cope with its growing need for international commerce.

Tajikistan's external sector is vulnerable due to its reliance on a small number of products. Combined, cotton and aluminum account for over 80% of the nation's exports.<sup>11</sup> The third largest export, hydroelectricity, is plagued by poor infrastructure and sluggish construction of new plants. The export sector is growing, but an increased internal need for previously exported products will cause the nation to accumulate an

average account deficit increase of over \$70 million during the next decade. On a more positive note, foreign direct investment is expected to accrue slowly, but steadily, due to an improving external policy environment. This will help Tajikistan begin to climb its way out of debt.<sup>12</sup> Though currently working with a trade deficit, the import-to-export ratio will continue to improve in the near future. Taxes and trade, however, will remain problematic issues if Tajikistan is unable to improve administrative capabilities and gain control over a number of its industries.

### *Farming*

The agricultural industry in Tajikistan is the nations largest, and it accounts for the majority of lower class citizens' employment. The industry, however, has been plagued with problems since the beginning of the civil war. Farm privatization is among the most talked about issues hindering the Tajikistani economy. Although farm land was officially privatized in 2001, private land has been illegally given to government officials or people with connections to the local land distribution committees.<sup>13</sup> Though illegitimate, these practices continue due to the government's weak law enforcement. The government-appointed land owners are abusive, "dictating to farmers what they should plant and what prices they can charge for their crops".<sup>14</sup> The owners also pay farmers extremely low wages and sell their products at well below market prices. International aid companies, such as the International Monetary Fund, have proposed to take farmers' land away and give it to companies to cover debts.<sup>15</sup> Such suggestions are ill-advised and

promote agricultural insufficiency; stepping further away from total privatization hinders the industry's ability to cater to local and regional food needs

Unfortunately, struggles remain even for those farmers who are able to take full ownership of their land. Domestic manufacturers pay 10% more than foreign companies for state-grown cotton. A local manufacturer pays "...\$1,056 per ton, as opposed to \$948 per ton of raw cotton sent abroad for processing".<sup>16</sup> Thus, local manufacturers are at a disadvantage when trying to buy cotton in Tajikistan. To make the problem worse, trade restrictions and closed borders with Uzbekistan give both local farmers and manufacturers few options outside of trading with each other. While this situation may seem to benefit farmers by allowing them to charge somewhat high prices for their cotton, it has resulted in the closure of some factories due to high costs.<sup>17</sup> This leaves factory workers unemployed and farmers with surplus cotton.

Another dilemma afflicting private farmers is the lack of access to good credit. It is estimated that "...up to 90% of private farms in Tajikistan have developed a dependency on...loan sharking operations".<sup>18</sup> By the end of 2005, collective cotton farms and private farmers owed upwards of \$220 million mainly to Swiss investors. This amount is equivalent to over 150% of annual cotton revenue.<sup>19</sup> In addition to interest-heavy loan programs, authorities gave private farmers a share of the debt that had been owed by the collective farms they took over.<sup>20</sup> Loan difficulties give the farming industry little hope of running debt free in the foreseeable future unless international aid offers funding. However, unlike the capital-heavy aluminum and hydroelectricity industries farming does not attract a significant degree of attention from foreign investors.

### *Aluminum*

The only significant money-making enterprise that survived the civil war was the aluminum smelter located in Tursunzade. The smelter does, however, require much repair to reach full efficiency.<sup>21</sup> Whereas aluminum production exceeded 500,000 tons per year during Soviet times, the plant produced only 380,000 tons in 2005.<sup>22</sup> While it is far below potential output, this number should be viewed in a positive light considering 183,000 tons were produced in 1997. This plant is one of Tajikistan's top earners of foreign money, making its maintenance a top priority for Tajikistan's government. Rahmonov's attention, however, is more likely focused on the hydroelectricity sector, as that industry's money making possibilities are immense.

### *Hydroelectricity*

Tajikistan's potential for hydroelectricity production is the greatest of the Central Asian states and one of the greatest in the world. Between 1950 and 1985 hydroelectricity prompted the Tajikistani GDP to grow 13.5-fold.<sup>23</sup> Yet as of 2005, the annual output was less than 5% of the nation's capacity.<sup>24</sup> During the time of the Soviet Union, plans for many large irrigation systems and hydroelectric plants were envisioned. However, most of these plans were left undone at the breakup of the Soviet Union, and the personnel who developed them largely left the country. Currently, international aid, mainly from Russia and Iran, is helping to finish the construction of hydroelectric plants that could significantly boost Tajikistan's ability to produce adequate electricity for its own use and

for sale in other countries. Hydroelectricity is possibly Tajikistan's most practical investment since "...supplies are much higher than the republic's own needs, while the country has no industrial deposits of oil and gas, and it is very unprofitable to develop the nation's coal fields".<sup>25</sup> The construction of new plants is very expensive, but electric independence appears a worthwhile investment.

Currently, Iran and Russia are the only two nations actively supporting Tajikistan's hydroelectricity development. For example, on April 12, 2006, Russian conglomerate Unified Energy Systems (UES) announced that contractors would speed up construction to meet deadlines for the completion of the Sangtuda-1 plant. The plant, which is set to be completed in 2009, will cost UES approximately \$500 million to construct. However, the company's investment will buy it a 75% share in the power plant.<sup>26</sup> Much of Russia's investment in Tajikistan has come by way of hydroelectricity development. Russia itself possesses about one quarter of the world's water resources and has recently pressed for the creation of a Eurasian hydropower association. The nation seeks to dominate the Central Asian water tap in order to someday gain revenues from the Chinese and Indian markets.<sup>27</sup>

Iran is also pouring millions of dollars into Tajikistan's hydroelectricity sector, reportedly spending a total of \$700 million to complete the Sangtuda-2 power plant.<sup>28</sup> This plant is the larger sister plant to the Russian-funded Sangtuda-1. The Middle-Eastern nation is working on a number of massive projects, mainly in Tajikistan and Afghanistan.

Perhaps most ambitious is the decision of Russian entity RUSAL to complete the Rogun dam and power plant. RUSAL is an aluminum company with apparent connections to the Kremlin.<sup>29</sup> The corporation has agreed to spend upwards of \$1 billion

to complete the dam, which was left unfinished from the Soviet era. The initial plans called for the completion of a 335 meter tall dam, which would be the world's highest.<sup>30</sup> The hydroelectricity plant at Rogun would be capable of producing twice as much electricity as Tajikistan's current largest producer.<sup>31</sup> The dam's completion, which is not set for over five years, would give Russia a firm grip on the Central Asian water supply.

While many projects in hydroelectricity have begun, the government needs to foster a transparent policy environment in which foreign contributors will be willing to place extensive funds. Also, to make the distribution of electricity to Tajikistan and its neighbors efficient, pipelines and electric grids must receive serious investment. Currently, the northern part of the country, located in the Ferghana Valley, has no access to electricity produced in southern plants. Thus, this region must get 85% of its electricity from Uzbekistan.<sup>32</sup> In addition to these problems, the attention on building new facilities has led to the neglect of older hydropower plants. Over \$600 million needs to be spent to repair and maintain the country's current facilities. Although these difficulties are pressing and, if ignored, will interfere with the smooth development of Tajikistani hydropower, the construction of large hydropower plants is nonetheless a positive step for Tajikistan's economy. Upon their completion many jobs will be created for Tajikistanis currently working in Kazakhstan and Russia.

### *Migrant Workers*

The situation involving migrant workers traveling from Tajikistan to, for the most part, Russia, presents a double-edged sword for the nation's economy. On one hand, the

estimated one million workers employed abroad each year send home remittances that are vital to the survival of their families.<sup>33</sup> The remittances routinely total over \$600 million per year, which amounts to about three times the state budget.<sup>34</sup> This number also makes up at least 20% of the nation's yearly GDP.<sup>35</sup> Thus, migrant workers play a huge role in the economic well-being of many Tajikistani citizens.

While these numbers are encouraging, the migrant worker situation imposes many negative effects on the nation as well. To start, the phenomenon creates a drain of skilled workers in Tajikistan. Tajikistan's fragile farming industry is plagued by inefficiency as most young, skilled workers choose to travel to Russia or Kazakhstan to work for better wages. The already vulnerable farms are forced to employ second-rate workers, furthering their troubles and giving little relief to their debt.<sup>36</sup> In addition to creating troubles on farms, foreign employment attracts much of the base of young potential teachers.<sup>37</sup> Migrant workers have also become involved in drug trafficking, thus souring their relationship with Russia. The Kremlin recently spoke of implementing stricter border enforcements that would prevent much of the foreign workforce from entering the country.<sup>38</sup> The ability to close its borders to Tajikistani workers has given Russia "...tremendous negotiating leverage".<sup>39</sup> If the Kremlin does decide to tighten either the registration regulations at its borders, or another aspect of the free crossing of its borders, "...the political situation in Tajikistan would be severely affected".<sup>40</sup> Although many troubles stem from the migration of workers, its ability to supply Tajikistan's citizens with money is extremely valuable. If Russian borders were closed due to drug smuggling Tajikistanis would have few options for sufficient employment.

*Drug Trade*

Drug trafficking has overwhelmed Tajikistan since Afghanistan's poppy growing industry moved near the two nations' border. There is, perhaps, no other issue that so damages Tajikistan's relationships with other nations, its image to the world, and the state of its economy. With the overwhelming bulk of illegal drugs entering from the southern border with Afghanistan, the greatest concentration of narcotics are carried along the road running northeast from Dushanbe into southern Kyrgyzstan. They then pass through to Kazakhstan and on to the Russian market. Some 100 tons of heroin pass through Tajikistan each year according to United Nations (UN) estimates.<sup>41</sup> With such a massive amount of heroin passing through Tajikistan's borders, the drug trade is linked to between 30% and 50% of the nation's economic activity, with the latter being more likely.<sup>42</sup> Though some argue that much of Tajikistan's commercial recovery since the civil war is due to the drug trade, trafficking is hardly desirable for the economy.<sup>43</sup> The narcotics trade "undermines the political will for economic reform and corrupts government institutions".<sup>44</sup> The trade is so detrimental to the economy not only because of its corrupting power, but also because little of the income is spent on productive capital investment and none of it, by nature, is taxed. Thus, up to 50% of the economic activity in the nation is spent in unproductive ways and gains no tax revenue for the financially unstable government.

As of the turn of the century, some local observers suggested the drug trafficking problem was eclipsing radical Islamic activity as Tajikistan's top security threat. The validity of this point is confirmed by the social issues stemming from the today's drug

trade. The nation is experiencing drastic increases in local heroine addicts, as well as the spread of HIV/AIDS, a disease that was rarely seen anywhere in Central Asia a decade ago.<sup>45</sup> Furthermore, an astounding amount of government corruption is believed to revolve around the drug trade industry. The 2004 arrest of Tajikistan's Drug Czar, Ghaffor Mirzoyev, epitomizes this vice.<sup>46</sup> Such occurrences elicit distrust from citizens of the nation and do little to convince the international community that Tajikistan's government is a legitimate recipient of aid. Surprisingly, the Tajik Drug Control Agency (TDCA) is regarded as a very professional organization that, with the help of Russian border guards, has been making progress in the fight against trafficking. However, the TDCA is undermanned and under-funded and in recent years has been able to seize only about 10% of total drug activity coming through Tajikistan.<sup>47</sup> Put simply, drug trafficking has grown into a major concern for Tajikistan's government and its citizens and unless substantial foreign or non-governmental organization (NGO) aid is allocated to help stop the flow of heroine across Tajikistan's borders the problem will persist and worsen. International aid would not only keep drugs from crossing into major markets, but would also allow Tajikistan to spend money currently supporting border control and narcotics regulation on neglected areas such as education and poverty.

### *Education*

Along with the drain of skilled individuals to Russia, the education system is to blame for the lack of reliable and well-trained workers in Tajikistan. Unfortunately, given the current condition of education in the country "the skill level of the workforce seems

certain to deteriorate even further”.<sup>48</sup> Since the end of the Soviet era, the enrollment of 15-18 year olds in school dropped from 40% to 23%. This rate places Tajikistan evenly with Moldova as the post-Soviet state with the lowest percentage of high-school age children attending school.<sup>49</sup> The current state of the education system puts the country’s youth in danger of being less educated than their parents. Schools not only suffer from insufficient educational supplies, but often lack the basic necessities of any facility accommodating human life. A quarter of schools in Tajikistan lack heating, a quarter lack a water supply and a third lack toilets.<sup>50</sup> Over 50% of the nation’s schools require capital investment and, while the number of high school age children has increased, the amount of spots in classrooms has decreased.<sup>51</sup> In a few years, if the school system continues to lose teachers, “...50% of the country’s children will be illiterate, while the other 50% will be insufficiently educated”.<sup>52</sup> In order to solve this problem, international aid is required. The government in Tajikistan is reluctant to spend money on education as much of their resources are taken by a crippling drug trade and a very costly, yet necessary, hydroelectricity system. Oddly, the International Monetary Fund (IMF) advised that, to reduce the risk of inflation, the government should reduce the number of teachers in secondary schools by about 100,000.<sup>53</sup> International organizations who are capable of providing aid, such as the IMF, must take into account that nations with unstable economies and insufficient education are breeding grounds for Islamic radicalism. It is in the best interests not only of the forthcoming generation of Tajikistanis, but also of the international community, to help improve the school system in Tajikistan. If citizens are educated early and well, they will be less likely to become delinquent, unemployed, or

involved with drugs. These developments would make Tajikistan's affairs with some of its closest neighboring countries considerably less problematic.

### **International Relations**

While the status of Tajikistan's relationships with Uzbekistan, Iran, and Russia is quite unique, each has, or could potentially have a great impact on the Tajikistani economy. Also to be noted, Tajikistan has had substantial contact with both China and the United States in recent years. However, despite their potential to do so, neither of these nations has had a significant economic effect on Tajikistan as of yet.

#### *Uzbekistan*

If Tajikistan could choose only one nation to improve its relations with, Uzbekistan would be first on the list. Unlike the other nations to be discussed in this section, Uzbekistan has been nothing but troublesome to Tajikistan, both socially and economically. Uzbekistan is also the only nation to be discussed in this section that shares a border with Tajikistan—a border that has become a very heated subject.

Uzbekistan claims that its closed-border policy with Tajikistan is due to the inability of Rahmonov and the Tajikistani government to effectively deal with Islamic radicalism in the Ferghana Valley.<sup>54</sup> However, a more subtle agenda, which includes keeping Tajikistani goods out of the Uzbek market, is widely suspected. The unstable behavior of Uzbekistan regarding the border has caused great disturbances in the

Tajikistani economy due to Tajikistan's previous reliance on Uzbekistan's roads and railways for trade and travel. Due to the lack of a reliable road from Dushanbe to Khujand in the north, residents from the northern areas of the nation previously traveled through Uzbekistan to reach the airport in the capital city. However, Uzbekistan's closed border now forces Tajikistanis from the Ferghana Valley to make a four to five hour drive to Batken's airport in Kyrgyzstan.<sup>55</sup> In addition to complicating travel plans, the border closure causes great strain on the Tajikistani market. During Soviet times, over 80% of goods from Tajikistan were shipped by freight through Uzbekistan. Now, a much more arduous route into Kyrgyzstan must be taken. This also results in the sale of Tajik goods in the very competitive market in Kyrgyzstan.<sup>56</sup> Imports, such as natural gas, are also affected negatively by Uzbekistan's border policy. The problem became so severe that in 2004, Turkmenistan and Tajikistan held talks of building a gas pipeline through northern Afghanistan in order to avoid Uzbekistan.<sup>57</sup> Natural gas continues to be a contested issue for the two nations. In 2006 Uzbekistan cut off gas shipments to the Ferghana Valley region of Tajikistan under the premise that Tajikistan was late on payments for earlier shipments.<sup>58</sup> Tajikistan, however claims that they owe over \$4 million less than what was requested by Uzbekistan. In an act of retaliation, Tajikistan blocked shipments of gas from western Uzbekistan to eastern Uzbekistan.<sup>59</sup> Border issues between the two nations continue to be hostile, with neither showing any signs of ending the quarrels.

Uzbekistan also ardently opposes recent developments in Tajikistan's hydroelectric sector. Under agreements made in the Soviet era, "...Uzbekistan and other downstream states receive water from Tajikistan at almost no charge in order to meet

their substantial irrigation needs”.<sup>60</sup> Uzbekistani authorities have long feared the development of Tajikistan’s hydroelectric sector would jeopardize the water supply to those downstream. RUSAL, the Russian company contracted to complete Tajikistan’s Rogun dam and power plant, has recently been influenced by Uzbekistan. Immediately after a meeting between RUSAL’s chief Oleg Deripaska and Uzbekistan’s President Karimov, “...the Russian company revised its dam plans, saying it wanted to build a 280-meter tall dam, instead of one 335 meters tall as originally planned”.<sup>61</sup> Uzbekistan’s influence on the international community is perhaps a greater threat to Tajikistan’s economy than border closures and trade restrictions. Tajikistanis are fortunate that other foreign nations, such as Iran and Russia, do not deal with them so negatively.

### *Iran*

Tajikistan’s relations with Iran sharply contrast those with Uzbekistan. While only a few years ago Iran kept its distance from Tajikistan—due mainly to the majority of Tajikistan’s population claiming Sunni Islam as opposed to the Shiism practiced in Iran—the nations have now forged a powerful friendship. Tajikistan and Iran share historical connections which are exemplified by their common Persian dialects. This link is distinctive between the two, as the other Central Asian nations speak Turkic languages. Lately, much fraternal speech has been exchanged between these nations describing their relationship to one another. In a July 2006 press conference, Iranian President Mahmoud Ahmadinejad proclaimed, “We should have everything in common—economy, culture and art; the frontiers dividing us should be eliminated”.<sup>62</sup> Tajikistan’s administration has

been receptive of Ahmadinejad's warmth, however they are aware of the risk of the Iranians pursuing a hidden agenda of cultural and ideological exportation.

All talk of culture aside; Iran has invested much in Tajikistan's economy, most notably in the hydroelectric sector. As mentioned above in the *Hydroelectricity* section, Iran has invested a total of \$700 million in the Sangtuda-2 hydroelectric plant.<sup>63</sup> Perhaps more noteworthy is Iran's commitment to build a tunnel linking Dushanbe and Khujand. The project has a price tag of \$180 million and would eventually turn into a road linking China to the Persian Gulf.<sup>64</sup> The road project is especially significant in that, upon its completion, it will alleviate much of the turmoil plaguing trade and travel from the Ferghana Valley to Dushanbe. Iran's investment in Tajikistan, despite possibly allowing Iranian ideologies to infiltrate the Tajikistani nation, is a positive development that was unforeseen half a decade ago. However, whatever degree of influence Iran manages to gain over Tajikistan through heavy spending and friendly language will likely be viewed as an afterthought to Russia's tight grasp.

### *Russia*

Russia possesses the ability to dictate the success or failure of Tajikistan's economy to an unmatched degree. Though independent for over 15 years, Tajikistan still relies on Russia in a number of ways. Moscow has a hand in Tajikistani hydropower, deploys permanent troops in Tajikistan, and through means of migrant workers and trade, supplies Tajikistan with a significant portion of its GDP. This is all quite understandable, as "there is no post-Soviet state, the political and intellectual elite of which is as pro-

Russian as it is in Tajikistan”.<sup>65</sup> Nearly all of Tajikistan’s political and public figures were educated in Russia or other Union republics, and there is no one in top positions of government who has a good grasp of English. Thus, Tajikistan’s outlook on the West is largely constructed by Russia’s media.<sup>66</sup> Despite the attempts of nations such as Iran to build strong ties with Tajikistan, it is, for the moment, Russia’s nation.

Russian investment in hydropower is welcomed and even planned for in Tajikistan. President Rahmonov stated in early 2006 that “strategic cooperation with Russia remains Tajikistan’s foreign policy priority”.<sup>67</sup> Russian work on the Rogun dam, the Sangtuda-1 hydroelectric plant, and the Tursunzade Aluminum plant is underway and set to be completed within the decade. Significant profits are expected from these ventures, as the companies investing are each set to receive a large share of the earnings. Also, Russia’s keen interest in Tajikistan’s hydroelectricity is bolstered by the planned construction of large aluminum plants in its own southern regions. While Russia is currently seeking hydroelectric power in Tajikistan for its own use and for sale to Afghanistan, Moscow is known to desire eventual access to Chinese and Indian markets.<sup>68</sup> Though the hydropower plants in Tajikistan are of much gain to Russia, they nonetheless will help Tajikistan gain electrical independence and economic stability in the long run.

Russian influence in Tajikistan is unlikely to be replaced or even compromised anytime in the near future. With the 201<sup>st</sup> division deployed in Tajikistan, Russia’s physical presence is symbolic of its control over the nation. Also, Tajikistani migrant workers in Russia give Moscow a great deal of leverage when dealing with Dushanbe. Tajikistan simply cannot continue to run without economic support from Russia.

## **Suggestions for Action**

Tajikistan's economy, though improving, remains very weak and is insufficient to keep the majority of its citizens out of poverty. The nation is still expected to be the poorest in the Central Asian region in 2015, with over a third of its population living below the poverty line.<sup>69</sup> In addition to the ongoing improvements in the hydropower and drug-control sectors there are a few specific measures that, if taken both by Tajikistan and the international community, could bring significant progress in the next decade.

*Keeping ties with Russia Strong.* Remittances offer the best opportunity for reducing individual debt and pulling families out of poverty. As Russia has complete control over the destiny of Tajikistan's migrant workers, it is important that Tajikistan continues to work closely with Moscow. This includes strengthening ongoing efforts to improve control over drug trafficking. However, as improvements are made to roads and other means of transportation in Tajikistan, the narcotics industry will become even more difficult to suppress.

*Working to Introduce a More Transparent Government.* In order to be viewed with respect by the international community, Rahmonov must clean up the actions of his administration. Relations with Uzbekistan are tense, and will only worsen if more corruption in the Tajikistani government is exposed. Also, NGOs and Foreign nations

will be, as they have been in recent years, reluctant to give money to a government with inaccurate reports of earnings, tax collections, and other financial information.

*Using Aid to its Fullest Potential.* While forgiving debt and giving money directly to the government resemble acceptable actions, the international community must be more responsible in its awarding of aid to Tajikistan. Rather than forgiving debt, foreign nations and international banks might defer loans, while investing in the human capital in Tajikistan. If education and health services are given adequate funding, the nation will eventually be able to pull itself out of debt, rather than be pulled out.

## **Conclusion**

A union of religious radicalism, governmental instability, and social unrest has resulted in war, suffering, and international distrust in many of Tajikistan's neighboring countries. While an economic revival would not provide the poverty stricken state complete immunity to the woes plaguing its region, increased prosperity would undoubtedly improve the lives of countless Tajikistanis from a humanitarian standpoint. Indeed, Western ignorance—or, at the very least, indifference—to the social, economic, and political situations existing in countless poor nations has contributed to unchecked terrorism and unaided suffering. The Tajikistani economy may appear insignificant when the scope of the global marketplace is considered, however the implications of its successes and failures are vast.

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